

Message Text

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PAGE 01 SOFIA 02376 061057Z

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COMMERCE FOR DEP SEC DOWNEY; STATE FOR EUR/EE

E.O. 11652: NA

TAGS: ESTC, BU

SUBJECT: SALE OF COMPUTER TO STATE PLANNING COMMITTEE

REF: A) SOFIA 2255; B) SOFIA 2290

1. WE FEAR THAT FOR LACK OF ACTION ON USG'S PART, AN AMERICAN FIRM NEEDLESSLY STANDS TO LOSE A \$3.5 MILLION SALE IN BULGARIA, SALE WHICH APPARENTLY HAS NO RPT NO ADVERSE SECURITY IMPLICATIONS FOR US AND ONE WHICH FOREIGN COMPETITORS WILL GLEEFULLY GRAB. BASIC QUESTION IS THE ONE WE POSED IN REF A, SENT OCTOBER 21.

2. IT IS SIMPLY QUESTION WHAT DOCUMENTS EXPORT CONTROL NEEDS TO HAVE IN HAND TO CONSIDER EXPORT LICENSE APPLICATION AND, SPECIFICALLY, WHETHER COMPANY SEEKING LICENSE MUST NECESSARILY SUBMIT (AMIDST OTHER DOCUMENTATION) A BULGARIAN IMPORT LICENSE NAMING IT AS THE SUPPLIER OR WHETHER A GENERAL IMPORT LICENSE FOR THE EQUIPMENT WILL SUFFICE.

3. WE HAVE HERE A CHICKEN-AND-EGG SITUATION. BULGARIANS HAVE SIGNED CONTRACTS WITH BOTH BURROUGHS AND SPERRY RAND, AND APPARENTLY WILL AWARD THE CONTRACT TO THE FIRM THAT COMES UP WITH AN EXPORT LICENSE. ON THE OTHER HAND, DOC/EXPORT CONTROL SEEMS TO HAVE POLICY OF ISSUING EXPORT LICENSE ONLY WHEN EXPORTER IS ABLE TO

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PROVE THAT HE HAS NOT ONLY CONTRACT BUT ALSO IMPORT

LICENSE. BULGARIANS CONSIDER THAT GENERAL IMPORT LICENSE COVERING THE ITEM, RATHER THAN A SPECIFIC SUPPLIER, SHOULD FILL OUR BILL, AS EXPLAINED REF B.

4. IT IS MY UNDERSTANDING THAT EXPORT CONTROL HAS TURNED DOWN THE IBM APPLICATION BECAUSE THE COMPUTER WAS DEEMED TO BE EXCESSIVELY LARGE, BUT THAT EITHER BURROUGHS OR SPERRY RAND STAND A GOOD CHANCE OF GETTING US LICENSE. HOWEVER, TIME IS RUNNING OUT AND IF THE PRESENT DEADLOCK CANNOT BE RESOLVED THE SALE WILL PROBABLY GO TO THE JAPANESE.

5. IF ANSWER TO QUESTION IN REF A (AND PARA TWO ABOVE) IS THAT THE BULGARIANS WILL HAVE TO MAKE UP THEIR MINDS WHETHER THEY WISH TO BUY FROM BURROUGHS OR FROM SPERRY RAND, THEN I AM PREPARED TO GO TO DEPUTY PRIME MINISTER LUKANOV AND TO ASK HIM TO SEE THAT A DECISION IS MADE BETWEEN THE TWO FIRMS AND LICENSE ISSUED FOR THAT SPECIFIC PURCHASE, AND I WILL GIVE MY PERSONAL OPINION THAT IN THAT CASE THERE IS A GOOD CHANCE OF EXPORT LICENSE BEING ISSUED IN FAIRLY NEAR FUTURE. ON THE OTHER HAND, IF THE GENERAL LICENSE THAT THE BULGARIANS HAVE ALREADY ISSUED IS SUFFICIENT, THEN I SEE NO REASON WHY THE APPLICATIONS OF BURROUGHS AND SPERRY RAND CANNOT BE CONSIDERED NOW BY EXPORT CONTROL. IF LICENSE IS ISSUED, BULGARIANS WILL PRESUMABLY CONSUMMATE PURCHASE.

6. WE SIMPLY HAVE TO BREAK THIS DEADLOCK, AND AT THIS POINT NOTHING ELSE IS REQUIRED HERE THAN ACCURATE INFORMATION FROM WAHSINGTON REGARDING THE PROCEDURE IN SUCH MATTERS. WHEN WE HAVE THAT INFORMATION, WE'LL TAKE IT FROM THERE.

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